



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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OIL AND GAS COMPANIES FACE RECORD NUMBER OF SHAREHOLDER RESOLUTIONS CALLING FOR INCREASED REPORTING ON GLOBAL WARMING RISKS AND LIABILITIES

New York State, New York City, Maine and Connecticut Pension Funds Join Religious, Other Filers; California Treasurer Angelides Lends Support; Focus of Resolutions Widens to Include Smaller 'Independents' Facing Even More Risk

SACRAMENTO, CA – California Treasurer Phil Angelides today lent his support to a shareholder resolution campaign that targets the oil and gas industry with a record number of global warming resolutions in 2004, including an expansion of such proxy measures to smaller independents.

State, city, religious and other institutional shareholders have filed 13 resolutions with 10 oil and gas companies, requesting reporting of risk disclosure and plans to reduce greenhouse gas emissions. Five of the companies are facing questions on the issue for the first time. In addition to targeting household names such as ExxonMobil and ChevronTexaco, the shareholders have broadened their concern to smaller, independent exploration and production companies, such as Devon and Apache. The shareholders say that these companies – which only drill for and produce oil and gas, and are not diversified with distribution or retail operations – are even more vulnerable to regulatory- or market-based limits on carbon dioxide emissions worldwide.

One or more resolutions have been filed at each of the following North American oil and gas companies: ExxonMobil (NYSE: XOM); ChevronTexaco (NYSE: CVX); Marathon (NYSE: MRO); Anadarko (NYSE: APC); Apache (NYSE: APA); Devon (AMEX: DVN); Imperial (AMEX: IMO); Petro Canada (NYSE: PCZ); Unocal (NYSE: UCL); and Valero (NYSE: VLO). Shareholders are also in discussions with ConocoPhillips (NYSE: COP) and Occidental (NYSE: OXY) regarding their climate change policies as a result of resolutions filed in the last two years.

The shareholder filers, collectively representing over \$250 billion in assets, include four state and city pension funds, a foundation, socially responsible investment firms, and a number of religious pension funds associated with the Interfaith Center on Corporate Responsibility (ICCR), a coalition of 275 religious institutional investors that helped coordinate the filings. The resolution filings also were coordinated in part by CERES, a coalition of investors (including many of those involved in the filings) and environmental groups that has been active in promoting investor awareness of global warming risks.

The news event today announcing the record number of 2004 shareholder resolutions was made possible by the nonprofit Civil Society Institute of Newton, Massachusetts.

Proxy measures were filed by American Baptist Churches, Boston Common Asset Management, Christian Brothers Investment Services, Inc., Domini Social Investments, Ethical Funds, General Board of Pension and Health Benefits of the United Methodist Church, Nathan Cummings Foundation, the New York State Common Retirement Fund, Province of St. Joseph of the Capuchin Order, Sisters of St. Dominic of Caldwell, NJ, State of Connecticut Retirement Plans and Trust, State of Maine Trust Funds, Trillium Asset Management, and Walden Asset Management.

“For shareholders, environmental responsibility and climate change will be among the most important issues in terms of risk in the years and decades ahead,” said California Treasurer Angelides, who is a trustee of the California Public Employees’ Retirement System (CalPERS) and California State Teachers’ Retirement System (CalSTRS) – the nation’s first- and third-largest public pension funds.

“Shareholders need to know if the companies they own – particularly companies like these that generate the lion’s share of the world’s carbon emissions – are going down the prudent path, by adopting environmental practices that will enable them to survive and thrive in a world of increasing environmental concern and regulation,” Angelides said, “or whether those companies are taking the path of denial, risk, liability and cost. I will urge CalPERS and CalSTRS to support these shareholder resolutions, which get at the heart of transparency and accountability.”

Earlier this month, Angelides – joined by environmental, labor and business leaders – launched a landmark environmental Green Wave initiative to bolster financial returns, create jobs and clean up the environment.

The four-pronged initiative calls on CalPERS and CalSTRS to marry the jet stream of finance and capital markets with public purpose by committing \$1.5 billion to investments in cutting-edge technologies and environmentally responsible companies. The goal of the initiative is to improve long-term financial returns for pensioners and taxpayers through investments in the burgeoning environmental technology sector, while also reducing the risks to the pension funds posed by corporate environmental liabilities. At today’s news teleconference, State Comptroller Alan Hevesi said, “As sole trustee of the nation’s second largest public pension fund, it is my fiduciary responsibility to consider all long-term investment risks, including those associated with the proliferation of greenhouse gases. The fact is, sound environmental policy translates directly into sustainable long-term profits. This is the first climate change related resolution we have filed, and I believe it’s going to become a major issue for institutional investors.”

Patricia Daly, director of the Tri-State Coalition for Responsible Investment, and a founder of Campaign ExxonMobil said: “For too long, Exxon has been able to lead the charge in questioning the science of global warming and ducking the fact that the world is moving to limit carbon dioxide emissions and oil companies will be affected.

Questioning a broader segment of the industry will only help push the U.S. 'super majors' to read the writing on the wall and act in the best interests of their shareholders."

New York City Comptroller Bill Thompson said, "These oil and gas companies have not taken the issue of global warming seriously and have not planned alternative strategies. We have a fiduciary responsibility to ensure that long-term investors will not be harmed by these shortsighted business decisions. Institutional investors like ourselves have historically led the charge in raising social and environmental issues that affect the bottom line, and we are doing it again."

Maine Treasurer Dale McCormick said, "Once companies and their investors are made aware of a risk or a trend that requires clear business strategy, it is a breach of our fiduciary responsibility to ignore it. The U.S. oil industry's inattention to this issue borders on corporate scandal. I am proud to be one of the questioners from the investment world."

Most of the resolutions seek reports on how the companies in question are responding to and preparing for rising regulatory and competitive pressures to reduce greenhouse gas emissions. ExxonMobil and ChevronTexaco also received resolutions requesting a report on the companies' efforts to invest in renewable energy (similar resolutions received record votes of 21 percent and 32 percent, respectively, last year). Shareholders also filed a resolution with ExxonMobil requesting full disclosure of the science supporting the company's policies on climate change.

The resolutions come at a time of growing investor demand for information on how heavy-emitting sectors are planning for coming constraints on carbon emissions. The electric power sector has received similar resolutions, with American Electric Power and Cinergy recently agreeing to shareholder requests by promising reports on how they are responding to rising pressure to reduce their emissions.

Resolutions with the oil industry in the last few years have already begun to yield change. Last year's resolution at ConocoPhillips spurred the company's board to create a strong climate change policy. In addition, ChevronTexaco established a policy that included assuming a price per ton of carbon when assessing new projects, a practice in place at foreign competitors BP and Shell Oil.

Last November, Angelides joined the comptrollers and treasurers in issuing an investor "Call to Action" at the Institutional Investor Summit on Climate Risk, convened by CERES at the United Nations, demanding better disclosure and certainty on climate policy from companies, Wall Street fund managers, the Securities and Exchange Commission, and policymakers. Their involvement in the oil industry filings came as a result of that pledge.

Note: A streaming audio replay of today's news event will be available on the Web after 6 p.m. EST on February 26, 2004 at http://www.ceres.org/newsroom/press/oil_gas_reso.htm.

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